

A Look to the 2007 Farm Bill

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On behalf of the Missouri's 15,655 corn farmers, thank you for the opportunity to comment on the 2007 Farm Bill. The Missouri Corn Growers Association (MCGA) is a grassroots organization of farmers dedicated to increasing the profitability of corn production by: developing and expanding corn markets, collecting and distributing information, building coalitions with organizations and industries and participating in the governmental process.

MCGA is highly involved in promoting environmental stewardship while protecting the producer's right to farm profitably. Before discussing MCGA's recommendations for the 2007 Farm Bill, allow me to share a bit of our environmental success story here in Missouri.

Building Effective Partnerships

While data shows most corn growers are good stewards, MCGA is working with producers to help them do an even better job of protecting the environment by accelerating the adoption of farming practices that improve water quality while maintaining or improving profitability.

With those goals in mind, MCGA assembled a partnership of business and governmental organizations to proactively address water quality and environmental issues. Known as the Environmental Resources Coalition (ERC), the coalition is dedicated to maintaining, improving and enhancing land and water resources. In order to accomplish such a mission, ERC partners with governmental groups such as the Environmental Protection Agency, United States Department of Agriculture, Missouri Department of Natural Resources, Missouri Department of Agriculture and Agriculture Research Service as well as industry groups such as Syngenta and Bayer.

MCGA, and its affiliate ERC, are committed to quality agricultural stewardship. This is evident in the many agricultural/environmental projects which they are engaged in. Projects include:

- **Watershed Research Assessment and Stewardship Project (WRASP)**

WRASP dealt with the scientific discovery of how atrazine and its metabolites move through the entire watershed, including losses at the field level and transport through the stream and river basins. Essential Best Management Practices (BMPs) for atrazine were developed that allow farmers to continue to use the product while limiting its exposure to the environment. WRASP was the largest automated water collection project of its kind in the country. The scientific results were very positive and are currently being prepared for publication.

- **Stewardship Implementation Project (SIP)**

SIP can be considered the implementation phase of WRASP. It seeks to take the management practices developed in WRASP and disseminate them throughout key watersheds by engaging farmers in a friendly on-farm demonstration. A key goal for the SIP project is the fair implementation of the Total Maximum Daily Load (TMDL) process. Additionally, the data acquired in the SIP project has been used successfully to remove four water-bodies from the state 303d list (list of impaired water-bodies prepared by Missouri Department of Natural Resources).

- Conservation Effects Assessment Project (CEAP)
- Environmental Water Resource Affects Project (EWRAP)

Generally speaking, MCGA/ERC supports the Conservation Title of the current farm bill. We seek to keep current funding levels as well as increase funding levels for those programs which are considered under funded (ex: CSP). The general consensus of corn farmers is that direct payments in the commodity title of the bill should not be replaced by increased conservation funding. That being said we do have thoughts and suggestions that we would like to offer on the Conservation Reserve Program, the Conservation Security Program and the Environmental Quality Incentives Program.

Recommendations for the Conservation Title of the 2007 Farm Bill

The 2007 Farm Bill should reinforce the original commitment of the **Conservation Reserve Program (CRP)** to soil conservation rather than wildlife habitat. With that focus in mind, we should continue to enroll and give deference to taking the most environmentally fragile acres out of production. Land should be enrolled in CRP based upon its highly erodible land status, and then producers should be provided incentives to increase environmental benefits as a secondary purpose. CRP management practices should be broadened to be more flexible to those with land enrolled in the program. For instance, if soil conservation is the primary focus of the program, allowing farmers to periodically mow land makes more sense than requiring disking of land.

We need to collectively evaluate the future of the vast resources of the nearly 40 million acres held in CRP. Do we have a long term plan for this resource? Where are we going? Will this be maintained as a land bank? Will it be returned to production? Can it be developed as a cellulosic ethanol bank?

The **Conservation Security Program (CSP)** provides attractive incentives for producers which make participation worthwhile. However, several modifications could be made to this program to make it more attractive and user friendly.

The current sign up process is not streamlined and consistent from county to county. In implementing our environmental programs, we have encountered inconsistencies between NRCS offices on how they administer the program. The program would also be more producer-friendly if more technical expertise, perhaps non-governmental technical service providers, was available in county offices. A better, more uniformly applied process for application, evaluation and selection would go a long way to improving this valuable program.

The current program does not seem to adequately reward growers for past conservation practices implemented (such as terracing) while incentivizing additional conservation practices. That scenario seems to set up a double standard as those who have been stewards of the land do not receive the same incentives as those spurred to implement the practices by the incentives provided by CSP.

From our experience, CSP could be a more user friendly program if regulations and recommendations were adapted to the farm level. A “one size fits all” approach does not work with today’s production scenarios. For example, the current nutrient management component is generic and does not take into account adjustments for elevated yields. Fertilizer caps are often a real show stopper for growers. These must be loosened to make the program more flexible to real world scenarios. If CSP is truly a nutrient management driven program, let’s not limit yield, but instead implement practices to decrease nutrient runoff without yield sacrifices. Consider offering producers incentives to follow proven BMP via split (nutrient or herbicide) applications rather than strict limits. WRASP data could perhaps be used to illustrate the environmental value of such practices.

In addition, the pesticide management component is based on an out dated Windows Pesticide Screening Tool (WINPST) standard for a herbicide’s environmental impact. Under this standard, any crop using any amount of atrazine does not qualify for payments. Our WRASP project directly contradicts this “standard”, by proving that atrazine can be a benefit to the environment and farmers through prudent and responsible application and use.

When practices such as grass strips for wildlife are part of the program the practices should make practical sense for wildlife benefits. The current requirement to have a strip every 60 acres is arbitrary and not practical. There are opportunities to create enhance wildlife benefit by joining tracts, etc.

The **Environmental Quality Incentives Program** has been a great program for the livestock industry. In fact, there seems to have been a disproportionate amount of funding earmarked for this sector. A strictly “crop only” farmer has trouble competing with a farmer who also has livestock. We suggest a fair allocation of program dollars to both livestock and crop interests for implementing sign-up practices. This could be accomplished by implementing a more equitable point system in the sign-up process. Part of this problem stems from the fact that the current statewide sign-up process makes it difficult to uniformly apply EQIP dollars. Finally, the CSP and EQIP programs compete in that participation in one program eliminates participation the other. These programs should be structured so that the dollars can be leveraged to maximize participation and benefits.

We see current conservation programs as being critical tools in dealing with the environmental issues that agriculture will face in the future. We do not support a cut in conservation funding and to the contrary, we would like to see full funding for those programs not yet meeting their proposed levels.

Recommendations for the Commodity Title of the 2007 Farm Bill

We believe that American producers will be best served by an extension of the commodity title of the 2002 Farm Security and Rural Investment Act until a WTO agreement is reached. It is nearly impossible to formulate comprehensive new policy with unknown farm subsidy and trade variables.

While the satisfaction level with the current bill is high, the 2002 bill is not perfect. In a given year, large crops allow raiding of the marketing loan program while short crop areas in the same year are left out of safety net. Since loan deficiency payments are based on current year production, revenue suffers from reduced production as well as lower farm program benefits.

The results of the WTO negotiations currently underway are a critical component to developing future farm policy. Unilaterally disarming our farm support programs jeopardizes our country and our farmers. We must ensure that the farm safety net remains in place. Any concessions agreed upon by the U.S. must be carefully considered before any deal is ratified. We urge members of U.S. Senate to be diligent in only approving plans that are good for American agriculture.

We also must ensure that the transportation system of rivers, rails and roads that gives the U.S. our competitive advantage isn't neglected as foreign market access is enhanced. Grain belt agriculture relies on the efficient, low cost transportation provided by the river systems. We would ask the Administration, the U.S. Congress and the Army Corps of Engineers to ensure that the Missouri River be managed for *transportation and flood control* and that the Mississippi River system is allocated the money necessary to upgrade its outdated and decaying infrastructure. Expanded WTO concessions, coupled with a shaky commitment to improving our own competitive advantage, are a recipe for disaster.

In the event a WTO agreement is reached, green box compliant revenue assurance must be provided at the farm level. Farm level coverage and farm level triggers are paramount. A county level trigger is unacceptable as there is too much production variability within counties. With a farm level trigger, when a farm is off its average production, producers are covered and no one is left out.

Recommendations for the Energy Title of the 2007 Farm Bill

The wave of renewable fuels growth has been a God-send for rural America. The rural economy is providing more opportunity for U.S. farmers through self-reliant energy development. The expansion of the farmer-owned ethanol industry can be considered one of the brightest spots in rural economies today. We attribute this success to the entrepreneurial spirit of American farmers and the assistance of the Farm Bill. Any new farm bill *must* have an energy title to continue the revitalization of rural America.

As significant as the WTO is, it is not nearly as important as an energy component in the 2007 Farm Bill. The demand for corn created by the ethanol industry will influence corn prices more substantially than will any increased exports resulting from the WTO

agreement. More needs to be done to foster domestic market access rather than dealing with all too fickle foreign markets which may or may not materialize from a WTO agreement.

The federal Renewable Fuel Standard was a monumental accomplishment which provides a baseline for renewable fuel usage nationwide. We propose doubling the RFS to 15 billion gallons by 2015. This doubling would provide roughly 10 percent of our nation's fuel usage while bringing our renewable fuels industry out of its infancy and into maturity. As our farmers move closer to providing the energy needs of our nation through ethanol and biodiesel production, an expansion of the RFS will ensure that our homegrown products have a position in the marketplace.

The incentives for biofuel production contained in the energy title of the 2002 Farm Bill have provided a significant boost to the ethanol industry. Programs such as the CCC Bioenergy program have been instrumental in kick-starting the renewable fuel industry. This funding remains extremely important in continuing the development of this industry and should be continued at a level which will sustain the momentum in the growth of the ethanol industry.

The USDA Value-Added Producer Grant Program has encouraged the development of farmer-owned ventures and would provide an effective template for future programs. Additional programs should be developed and implemented to encourage farmer ownership of our ethanol and other value-added industries. Without farmer ownership, ethanol plants become simply another market looking for the lowest cost corn inputs and lose much of their value to rural areas.

One final point deals with federal crop insurance. The federal crop insurance program can be improved with modifications to the program that would offer better protection to our farmers without substantial cost increases. High risk designations all too often exclude growers that would otherwise participate in crop insurance. More uniform crop coverage should be offered to producers. A subject close to the hearts of many Missouri farmers is crop insurance coverage for losses caused by the man-made spring rise on the Missouri River. Farmers in the Missouri River valleys are being put into an impossible position. The level of risk that they are being asked to withstand is unconscionable. The inflexibility of the U.S. Fish and Wildlife Service, U.S. Army Corp of Engineers, and USDA through this whole process has been monumental. Although we have made it through one spring rise without substantial harm, do not assume that government imposed flooding and crop damage can and will not happen.

Again, we believe that 2002 Farm Bill is, for the most part, meeting the needs of American agriculture by acting as an effective safety for our food, fiber and fuel producers. We support policy that enables American farmers to be globally competitive, responsive to markets and environmentally responsible. We look for programs to provide producers with access to global markets, access to capital, advances in technology and risk management. As mentioned, there are modifications that should be made to enhance some programs and we look forward to working with our partners in Missouri agriculture and the U.S. Congress to make any necessary changes.